

Purpose

To establish the guidelines for assessing and enforcing the penalty clause in the approved Appraisal Engagement Letter (form) that follows this policy and procedure.

Policy

It is the policy of the department to have a completed Appraisal Engagement Letter form on file that has been signed by the Right-of-Way Appraisal Review Supervisor and the contract fee appraiser on all real properties that are appraised by anyone other than Utah Department of Transportation employees, who are State of Utah registered/certified appraisers.

Procedures

Administering Penalty Clause in Appraisal Engagement Letter

UDOT 08A3-6.1

Responsibility: Appraisal Review Supervisor

Actions

1. Upon receipt of Fee Appraiser's invoice for payment, verifies date of appraisal receipt with due date specified on Appraisal Engagement Letter (form).
2. Calculates penalty and makes adjustment to the original invoice amount.
3. Approves reduced amount of payment.
4. Submits Fee Appraiser's invoice for payment.

Forms

Appraisal Engagement Letter

Re: Preparation of narrative appraisal report for:
Project No. Parcel Nos.

Dear Appraiser:

This letter constitutes the agreement between the Utah Department of Transportation, hereinafter UDOT, and _____, hereinafter Appraiser. The Appraiser will provide to UDOT, subject to the terms and conditions contained herein, a full and complete narrative appraisal report for the property identified by the above captioned parcel series, hereinafter Subject Properties.

1. Property to be Appraised

At the time the Fee Appraiser delivers this signed letter to the Appraisal Review Supervisor, UDOT will provide the Appraiser with descriptions of the subject properties, maps depicting its location, the names of the owners and identify the property interests to be valued. The Appraiser will estimate the fair market value of the subject property. If the subject property is a part of a larger tract, the Appraiser will consider the effect the taking of the subject property and the construction of the project (as proposed by UDOT) will have on the remaining tract. If it is concluded that the taking will have no effect the Appraiser will state the reasons for reaching that conclusion. If the Appraiser concludes that the value of the remaining tract will be reduced as a result of the taking of the subject property or the construction of the project as proposed by UDOT (severance damages), the Appraiser will state the reasons for his/her opinion. If the Appraiser concludes that the taking or the construction of the project (as proposed by UDOT) will result in a special benefit, the Appraiser will state the reasons for this conclusion.

2. Fees

The Appraiser's fee for work done pursuant to this agreement shall be billed at the rate of \$_____ per hour. The total appraisal fee shall not exceed \$_____. The obligation to pay the Appraiser's fee is in no way conditional on the valuation estimates made by the Appraiser.

The appraisal fee includes any requested reviews with UDOT or third parties to discuss the value estimates contained in the Appraiser's report prior to its acceptance by UDOT. The amount of the fee does not include the providing of testimony by the Appraiser at a trial, deposition, hearing or pre-trial consultations or updates requested by UDOT. Modifications to the Appraiser's report subsequent to acceptance by UDOT which are due to failure to consider information or data that could have been available to the Appraiser upon reasonable inquiry or from errors in the data or computations made by the Appraiser will be included in the fee recited herein. Updates to the Appraiser's report to consider information not available prior to the time the report was submitted to UDOT are not included in the fee recited herein.

3. Completion Date

The written narrative appraisal shall be completed and delivered to UDOT by 5:00 p.m. on the _____ day of _____ 199____ UDOT may deduct a penalty of \$_____ day from the amount due to the Appraiser for each day the report is delinquent. Delays in completion of the appraisal for reasons beyond the control of the Appraiser, or delays resulting from the actions of UDOT shall extend the completion date. The Appraiser shall provide prompt written notice to UDOT of unexpected conditions or other reasons that will cause a delay.

4. Suspension or Termination

If UDOT directs the Appraiser to suspend or terminate the preparation of the appraisal, the fee due and payable will be equal to the hourly charges and expenses incurred up to the receipt of the written notice of termination or suspension, but not to exceed the agreed-upon fee. All reports and information gathered in preparation for the appraisal before termination will become the property of UDOT.

5. The Appraisal Report

The full narrative appraisal report will be completed in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation and any other guidelines provided the Appraiser by UDOT.

The appraisal shall be completed as an independent appraisal service as defined by the Utah Real Estate Appraiser Registration and Certification Act.

The appraisal report shall be signed by the primary Appraiser who shall certify that he/she personally inspected the subject property and the comparable properties used in the report; and also, invited the owner or representative to accompany him/her on inspection of subject. All persons who provide significant professional assistance in the preparation and analysis used by the Appraiser in the report shall be identified.

APPRAISER

UTAH DEPARTMENT OF TRANSPORTATION